

**CITY OF MORGAN HILL
JOINT REGULAR REDEVELOPMENT
AND REGULAR CITY COUNCIL MEETING
MINUTES – APRIL 26, 2006**

CALL TO ORDER

Mayor/Chairman Kennedy called the meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Grzan, Sellers, Tate and Chairperson/Mayor Kennedy
Late: Council/Agency Member Carr (arrived at 7:45 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Chairman/Mayor Kennedy, Alex Kennett, Independence Day, Inc., led the Pledge of Allegiance.

RECOGNITION

Mayor Kennedy presented a Certificate of Recognition to Doris Bateman; recognizing her as the *2006 Mt. Madonna YMCA Volunteer of the Year*.

PRESENTATION

Dr. Guadalupe Olivas, Director, Santa Clara County Health Office, requested the City of Morgan Hill join the Santa Clara County Health Office in their efforts as they mobilize the preparation stage for a Pandemic Flu plan.

Dr. Martin Fenstersheib, Santa Clara County Health Officer, presented a background on what the County sees as the potential risks of a Pandemic Flu occurrence in the area; including the efforts surrounding the plan to deal with a Pandemic Flu response.

Dr. Olivas addressed the business operation of the Pandemic Flu plan. She stated that it would be imperative that the County Public Health Department works and partners with cities, especially with the influenza care centers. She said that each work place entity will need to undertake continuity in operations planning. She provided the Council with a checklist that would assist businesses in planning for impacts in order to protect employees and customers; establishing policies such as considering mandatory sick leave when individuals become ill in order to prevent the spread of the disease at the workplace; allocate resources and participate in training/education for the workforce.

Dr. Olivas said the City will be key to assisting the County Public Health Department in rolling out the education plan. It is also being asked that the public take action at their homes and become prepared. The public will be asked to do certain things to limit the spread of disease in the community and that when public health orders are issued, individuals comply with them. She said the law enforcement community will be asked to assist in enforcing the public health orders. She indicated that a pocket guide, an educational tool, has been prepared that outlines everything individuals need to do at home. She requested the City assist the County in getting this pocket guide to every City resident. Citizens will be asked to adopt their preparedness kit for a Pandemic situation. She informed the Council that on June 7, a county-wide forum will be held and representatives from across the County will be invited to attend. Locally, they would like to work with the City in order to engage the local community and businesses to develop a coordinated effort.

Mayor Kennedy encouraged the County to work with the Chamber of Commerce as well, making a similar presentation to them.

Council Member Sellers stated that Morgan Hill has a variety of unique attributes that make the community even more vulnerable. He said that Morgan Hill is limited in its healthcare facilities; noting the City does not have a hospital or direct health facilities. In addition, Morgan Hill has the highest percentage of young families/children in the region. Combined with the fact that 80% of the workforce leaves town everyday and a few of these individuals travel throughout the country/world, individuals may have limited access to masks and gloves. He inquired whether there were specific things the City of Morgan Hill may want to undertake to prepare for a Pandemic Flu outbreak.

Dr. Olivas responded that it would be important for the County Public Health Department to work through the City's Office of Emergency Services to establish specific protocols in order to stock pile items needed for influenza care centers. Also, to be able to conduct outreach to the more vulnerable populations mentioned. It will be key that City government join the County in stock piling durable equipment; especially for the work places and the vulnerable population. She stated that it will also be important for the city attorneys to work closely with the County attorneys so that there is no problem in understanding the legal authority and actions that may need to take place.

Dr. Fenstersheib stated that government cannot take care of approximately 2 million residents. By the County visiting each city, it is their hope cities take stock in terms of special needs in the community. He indicated that we are in alert period at this time and that this is the time to become prepared. He said that several individuals can start getting their supplies, but that government needs to figure out where the most vulnerable populations are and identify those without access. It was his hope that government can provide for these individuals to make sure they have adequate supplies to care for themselves.

Mayor Pro Tempore Grzan noted that it was mentioned, in the presentation, that there would not be enough hospital beds available. He indicated that Morgan Hill has a wonderful hospital facility and inquired whether there was a potential to bringing the hospital on line, if needed. He expressed concern that there will not be enough beds available to care for the sick.

Dr. Olivas said the County could explore the use of the former Morgan Hill hospital. However, even if the hospital was to be brought back on line, staffing will be a challenge. In the County's planning, they have been making an inventory on what is available in the different communities for the influenza care centers, or other opportunities.

Dr. Fenstersheib said that it is more likely the influenza will hit the Country's metropolitan centers because this is where major travel takes place (e.g., international airports). From there, the influenza will migrate into the small communities and then into the rural areas. He indicated that there is very little national planning taking place to assist local areas. The federal government has told local areas that they are on their own. It is the federal government's goal to deal with the stock piling of the vaccine and improve the technology for vaccine research. He stated that it will be the responsibility of the government to get the vaccines to local government. What he has heard is that the federal government will not come to the rescue. Therefore, the County is not waiting to assume the federal government will assist the County.

Mayor Kennedy noted that the brochure presented this evening contains a list of items that should be included in a preparedness kit. He felt it important that everyone receive a copy of the pamphlet and put a preparedness kit together.

Dr. Olivas stated that she would like to work with City staff to determine how best to have enough copies of the pamphlet available; and to figure out a way to send the information to residents, such as through the City's utility billing.

Council/Agency Member Carr entered and took his seat on the Dais.

RECOGNITION

Mayor Kennedy presented a Certificate of Recognition to Mark Curtis; recognizing him for being the *2006 Mt. Madonna YMCA Teen Volunteer of the Year*.

CITY COUNCIL REPORT

Council Member Tate reported that he started his day in Sacramento at 8 a.m. He said that the Council has opportunities 3-4 times a year to go to Sacramento with organized groups to lobby such as Legislative Days, trips sponsored by the Silicon Valley Leadership Group and the League of California Cities. The trip he took today was sponsored by the California Library Association. He stated that this was a well spent day as individuals were briefed for two hours before speaking to legislators on issues. He indicated that the Public Library Foundation is an item that is under funded. If fully funded, it would be funded by the State at a level of \$89 million; indicating that last year, the Foundation was funded at \$14 million. He stated that the Public Library Foundation oversees the money the State gives out on a per capita basis. Whatever is allocated, they take this money and allocate it to every single library facility on a per capita or population basis. At lunch, there was discussion about what could be done with a fully funded Foundation such as the possibility of having Sunday hours at the library in Morgan Hill. Having this funding source provides communities with the ability to provide various library services; thus, the reason elected officials spent time in Sacramento. He indicated that the group visited 5 – 6 legislators; making it back at 5:30 p.m., in time for his Committee and Council meeting.

CITY COUNCIL COMMITTEE REPORTS

None.

CITY MANAGER REPORT

City Manager Tewes reported that a supplemental report for item 8 reflects the latest estimates from PG&E about their cost to relocate various utilities on Depot Street. He said that staff recommends Item 8 remain on the Consent Calendar, as it is important to keep the project on track. Although this reflects an increase in the estimates from PG&E, he would be authorized to sign the contract and lock in the price at this time, should the Council approve the item this evening.

CITY ATTORNEY REPORT

City Attorney Kern indicated that she did not have a report to present this evening.

OTHER REPORTS

City Treasurer Roorda presented the City Treasurer's Quarterly Report, as a member of the Financial Policy Committee. He indicated that the Committee tends to focus its presentation on the general fund and that he will hold true to this presentation as well this evening. He noted the City is three-quarters through the year. He said that the figures presented reflect the City is operating in a deficit this year. He indicated the City typically sees expenses come in fairly evenly over the course of the quarters of the year. However, revenues tend to come in an accelerated fashion. He said the City has projections as to where the City will finish at the end of the fiscal year; roughly \$1 million better than where the City projected it would be at this time. He noted the City still has an ample general fund balance and allows the City flexibility to meet its cash flow needs during the year when it has expenses early in the year without the revenue stream. The general fund balance has also provided the City with the ability to undertake some long term planning. He noted the City has a five-year plan that is somewhat culminating with the Community Conversation. The Council has the potential to take action, and the community will have the ability to make changes in the finances of the general fund in the future.

City Treasurer Roorda said that although the City has seen some increases in expenses by approximately 10%, the Committee has discussed these in previous presentations. However, there are substantial increases in revenues. He said that in speaking with City Manager Tewes before the meeting, it was his feeling that although expenses against the linear budget and against the year budget are running a bit high, he felt staff would be able to pull expenses in line by the end of the year and be on budget or better. Regarding revenues, the City has seen increases over the past year. What is being seen is a 14% revenue increase over last year's actual revenues. Vehicle in lieu fees and property taxes are up 22%. Sales tax revenues are up approximately 17% and other revenue sources are showing excellent growth rates. He presented various graphs relating to sales taxes, projected deficits, and projected revenue growth. The City needs to take this good information with a level of caution in terms on how the City uses the information going forward with projections. The bottom line message is that when staff comes to the Council with an end of the year budget analysis, things will look better for the City than originally projected.

PUBLIC COMMENT

Chairman/Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Bob & Maureen Hunt and Alex Kennett presented a loaner painting produced by Ms. Hunt's dad, commemorating the 112th Fourth of July parade. Mr. Kennett noted that IDI has partnered with the City for many years.

Mayor Pro Tempore Grzan indicated that a series of Community Conversations will soon end and that the Council will consolidate all the information gathered, conduct a final survey, and schedule public hearing(s) to reach a decision. He clarified the decision will be whether or not there is a financial solution to the City's deficit to take to the community in November 2006. He said that some individuals believe the Council wants citizens to select some sort of tax. However, he noted that a tax decision is not easy. He noted the City will be faced with two known tax measures and perhaps two other tax measures this year. The County is seeking a ½ cent sales tax, the School District is proposing a parcel tax, VTA is still talking about a transportation tax, and the City Council may submit another tax. He clarified that these taxes do not include the number of taxes already in place. He indicated that there are costs associated with government services that need financial support in order to fulfill the people's mandates. He noted the City has inspectors who ensure that homes are built to code, and firefighters/paramedics are available when needed. There are public parks and streets that need to be protected, maintained and paved so that waters will flow down creeks and streams and not on roads and highways. The City needs to provide piped water to homes for drinking and to water plants and lawns. He stated that government is not easy or cheap as it strives to provide services mandated in an environment of unlimited wants and limited resources.

Mayor Pro Tempore Grzan said that it was his belief that government can become more efficient. At the local level, the City is always looking at becoming more efficient and finding ways of reducing costs. The City needs to look at partnering and collaborating with other public and private agencies wherever and whenever possible. It was his belief the City should look at the feasibility of partnering with the City of Gilroy to form a new fire district to provide efficient fire services. Also, look at the feasibility of becoming a charter city so that the City can free itself of State constraints, and enjoy the opportunities a charter city provides; including new revenue to significantly alleviate the City's current deficit. It was also his belief the Council/City needs to look at the feasibility of economic advantages by consolidating dispatch services with a central provider such as the County in order to significantly reduce City costs while potentially increasing its level of services. He acknowledged that some of these suggestions are controversial. However, the current economic conditions require the City look at all of them.

Mayor Pro Tempore Grzan indicated that he was an advocate, prior to his election on the council, for local government to make better decisions with the funds the City receives on capital investments and community projects. He wants to make sure the City has the funding in place not only to build, but to maintain facilities. Any revenue estimates made must be made with the most conservative and local views in order to guarantee their success and the City's solvency. He felt there is much that can be done and will be done. He said the Community Conversation is a part of a larger process to inform the public and to make sure everyone is aware of the economic conditions in order to help identify possible solutions. He stated that if by chance any suggestions were excluded, they will be included in the Council's deliberations. He applauded City staff, members of the Chamber of Commerce, and others in their tireless efforts in working with this process. He thanked the many individuals who attended and took the time to join the City in grappling with these difficult issues. He stated that government does what it can in an endless struggle of competing interests to ensure health and safety; maintain parks, library, roads and open space; and provide services for everyone.

No further comments were offered.

Redevelopment Agency Action

CONSENT CALENDAR:

Chairman Kennedy requested that item 2 be removed from the Consent Calendar.

Action: *On a motion by Agency Member Tate and seconded by Agency Member Sellers, the Agency Board unanimously (5-0) **Approved** Consent Calendar Items 1 as follows:*

1. **MARCH 2006 FINANCE & INVESTMENT REPORT - RDA**
Action: Accepted and Filed Report.
2. **APPROVAL OF BELLINGER FOSTER STEINMETZ SCOPE OF WORK AND CONTRACT AMOUNT FOR ARCHITECTURAL DESIGN AND CONSTRUCTION DOCUMENTS FOR THE SPORTS COMPLEX PHASE ONE**

Mayor Kennedy stated that as he read through the scope of work, it was not clear to him that the consultant was being directed to provide the appropriate design work for 1 or 2 soccer fields.

Special Assistant to the City Manager Spier stated that the scope of work will include looking at two artificial fields with lights and parking at a different level (e.g., paved or gravel). She said that the construction documents will include 2 soccer fields, depending on the funding level. She said that there is a \$2.6 million budget for phase 1 and that staff is concerned that there may not be enough funding to construct two artificial fields as well as two fields with lights. She stated that staff will return to the Council to inquire as to the priority for phase 1.

Action: *On a motion by Chairman Kennedy and seconded by Agency Member Tate, the Agency Board unanimously (5-0): 1) **Authorized** the Executive Director to Prepare and Execute a Contract with Bellinger Foster Steinmetz in an amount not to Exceed \$230,000 for Architectural Services for Phase One of the Sports Complex Project on Condit Road, Subject to Review and Approval by the City Attorney; and 2) **Approved** a Professional Services Budget Adjustment of \$25,000 from CIP 114000 Regional Soccer Complex to CIP 115A02.*

City Council Action

CONSENT CALENDAR:

Mayor Kennedy requested that item 3 and Council Member Tate requested that item 9 be removed from the Consent Calendar.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 4-8 and 10-12 as follows:*

4. **NEW LIBRARY CONSTRUCTION STAKING**

Action: **Authorized** the City Manager to Execute a Consultant Agreement with MH Engineering for Construction Staking of the New Library in an Amount not to exceed \$50,000; Subject to Review and Approval by the City Attorney.

5. **PURCHASE OF VEHICLES FOR PUBLIC WORKS DEPARTMENT**

Action: 1) **Authorized** Vehicle Purchases through the State of California General Services Procurement Process for the Vehicles Identified in this Staff Report, for a Total Cost of \$190,454; and 2) **Declared** the Vehicles identified in the Spreadsheet as Surplus and for Sale at Auction.

6. **CITY POSITION ON SANTA CLARA VALLEY WATER DISTRICT ENABLING LEGISLATION**

Action: **Authorized** the Mayor to Send a Letter Supporting AB2435.

7. **SUSTAINABLE SILICON VALLEY PARTICIPATION**

Action: **Directed** Staff to have the City Become a Partner in Sustainable Silicon Valley (SSV), with Annual Partnership Dues of \$1,000 Charged to Fund 232, Environmental Programs.

8. **AGREEMENT WITH PG&E FOR DEPOT STREET UNDERGROUNDING UTILITIES PROJECT**

Action: 1) **Authorized** the City Manager to Execute an Agreement with PG&E, Subject to Review and Approval by the City Attorney, in the Amount of \$438,699 for Completing the Engineering Design Work and Installation Costs for the Depot Street Undergrounding Utilities Project; and 2) **Authorized** the Use of \$340,000 in RDA Funds for the Depot Street Undergrounding Utilities Project (537004) that was Previously Approved for the Depot Street Reconstruction Project (539005).

10. **ADOPT ORDINANCE NO. 1777, NEW SERIES**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1777, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1708, NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION DA-04-06: COCHRANE-BORELLO. (APN 728-34-007).**

11. **ADOPT ORDINANCE NO. 1778, NEW SERIES**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1778, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 2, CHAPTERS 2.22 (MASTER PROVISIONS FOR BOARDS & COMMISSIONS), 2.28 (HEALTH COMMISSION), 2.32 (PARKS & RECREATION COMMISSION), 2.56 (ARCHITECTURAL & SITE REVIEW BOARD), 2.64 (MOBILE HOME RENT COMMISSION), AND 2.68 (LIBRARY, CULTURE & ARTS COMMISSION); AND ADDING SECTION 2.70, SENIOR ADVISORY COMMISSION OF THE MORGAN HILL MUNICIPAL CODE.**

12. SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 12, 2006

Action: Approved the Minutes as Submitted.

3. MARCH 2006 FINANCE & INVESTMENT REPORT - CITY

Mayor Kennedy said that there is good news with respect to the City's sales tax revenue as shown in the Finance & Investment Report. He requested a staff report be presented so that the public can see what is happening with respect to sales tax.

Finance Director Dilles identified what has been taking place over time with the various components of the City's sale tax. He indicated that growth has been taking place in gasoline and auto sales. Although the sales tax picture looks good, the City needs to be careful with the information because any time the City is dependent on one source of sales tax revenue, the City may be vulnerable to downturns. He indicated that the price of gasoline is volatile and can drop. Most of the other City's sales tax has been relatively level.

Mayor Kennedy indicated that City Manager Tewes recently released information that the percentage of vehicle sales growth was at approximately 171% in new auto sales over the previous year, and that the growth in gasoline sales tax was up by 24%. He stated that the Council is often criticized for focusing on auto dealerships as a source of revenue. He indicated that the information presented is a good reason the Council has spent a lot of time, and worked hard to focus on bringing more auto dealerships into Morgan Hill because they do have a significant impact on the City's revenue. He noted that the graphs presented by Mr. Dilles shows a drop in sales tax revenue in 2001 and a steep, sustained rise in the past several years. He noted that the last four calendar quarters have been the largest in the history of the City. It surpasses what was done in 2001 when the City reached its peak. He felt this to be significant information and wanted to point this information out to the public.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) Accepted and Filed Report.*

9. ADOPT ORDINANCE NO. 1776, NEW SERIES

Council Member Tate requested a separate vote be taken on item 9.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council Waived the Reading, and Adopted Ordinance No. 1776, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING ZONING AMENDMENT APPLICATION ZA-05-27: SANTA TERESA – BLACK ROCK LLC (APN 779-02-002) by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers; NOES: Tate; Abstain: None; Absent: None.***

City Council Action

OTHER BUSINESS:

13. COMMUNITY SPECIAL EVENT FUNDING REQUESTS FOR FISCAL YEAR 2006-2007 BUDGET CONSIDERATION

Special Assistant to the City Manager Spier presented the staff report regarding the establishment of a formal process for community-wide special events. It is being recommended that community-wide special events that occur on an annual basis are to submit a formal application requesting in-kind services and/or funding so that the Council can review the funding requests in totality. This would allow the Council to discuss how it would approach funding requests during the budget process. She informed the Council that staff sent out a request for proposal and that staff looked at event organizers who traditional hold community-wide events in Morgan Hill that have required city services and funding in the past. She indicated that the groups who participated and submitted applications were: Safe Trick or Treat (\$5,600); Holiday Lights Parade (\$1,065); Mushroom Mardi Gras (\$5,000 for FY 06-07 budget year); Fourth of July (\$25,000); and Caliman Triathlon (\$5,000); for a subtotal of \$41,665 in funding/in-kind contributions for these events. There were other submittals that did not fit the community-wide application process. She requested the Council review these requests and decide whether there are to be new policies and procedures that staff needs to pursue.

Ms. Spier noted that the Council has been faced with sponsorships of events at the community center throughout the year. Unsolicited requests have been made by Poppy Jasper (\$4,600 in facility rental assistance), Live Oak High School Grad Night (\$5,000 in funding), and United Way 211 (\$10,000 in funding for program development with the idea the Council will be approached annually for contributions based on population). This category's subtotal equates to \$19,600, for a total funding request of \$61,265. She informed the Council that staff added a 3% contingency because there are a lot of unknowns as staff will not know the total costs associate with events until needs are determined and included.

Ms. Spier requested the following: 1) Council reviews the proposal, hear comments from representatives in attendance, and provide funding direction for the Fiscal Year 2006-07 budget for community-wide events. She informed the Council that Mushroom Mardi Gras has not requested funding assistance for Fiscal Year 2005-06. 2) Council to determine whether a separate policy should be established regarding the applications that do not fit the community-wide process. This could be a process the Council sends back to the Public Safety & Community Services Committee; asking them to work through the policies. 3) The Council to provide direction regarding funding United Way's 211 Call Center for \$10,000, indicating that it was her belief that United Way was under a timeframe.

Council Member Tate noted that there are items associated with the Safe Trick or Treat event: public works assistance and police patrol. He noted these services were common to all requests. He noted that there is a \$2,500 charge for rental equipment to be used for street closures. He did not believe other community-wide events have this charge, and felt this to be a common expense for all downtown events.

City Manager Tewes said that it has been the City's practice to require that there be advance warning of road closures as part of the special event permit. He noted that the Safe Trick or Treat event tends to take place in the afternoon during commute hours. Rather than bringing the commuters south to Main Street, the City rents reader boards and provides advance notice as far north as Cochrane Road. This will inform commuters that on a certain date/time, street(s) will be closed.

Ms. Spier informed the Council that staff included a 3% contingency because she did not believe all costs were captured. Therefore, the reader board item may show up for all the other events at different levels.

Council Member Carr did not understand why there is a disparity in public works costs for the Safe Trick or Treat and the Holiday Lights Parade.

Ms. Spier informed the Council that the Holiday Lights Parade organizers do a great job in getting volunteers to assist as well as securing sponsors for this event. She said that even though the same requirement for street closure may apply to many of the events, the level of volunteer support and donations affects the amount to be funded. She clarified that the requirements imposed by the City for each group remains the same; however, the level of contributions by the organizations may be different.

City Manager Tewes informed the Council that the Taste of Morgan Hill is a special event held in the downtown; sponsored by the Chamber of Commerce. The City has a contract with the Chamber of Commerce for economic development activities. He said the Council has indicated that one of these activities is to support community-wide advertising at the Taste of Morgan Hill. Therefore, the Economic Development Contract provides support for the Taste of Morgan Hill.

Ms. Spier informed the Council that organizations were invited to submit their requests for funding and that the City did not receive requests for funding from Grand Prix, Friday Night Music Series or the Taste of Morgan Hill.

Mayor Kennedy opened the floor to public comment.

Franz Ingram said that the Mushroom Mardi Gras organization sent letters; indicating that they want to work with downtown businesses and accommodate them by not placing competing vendors adjacent to businesses. He said that he has been trying to work with the Mushroom Mardi Gras event coordinators since February in trying to get a booth assigned in a location where it is not encroaching onto the street or causing problems; yet be competitive with the surrounding vendors. Since February, they have not gotten anywhere other than getting two feet of asphalt in front of his building (Trail Dust). He indicated that this is not enough space to be competitive with outside vendors. The letter also stated that they would not place competing vendors near businesses. He felt this to be a false statement in terms of what the event is doing. He said that Trail Dust cannot compete on equal footing with the rest of the vendors if not allowed to place a booth in front of the business. He stated that it has been hard to attract the customers needed while providing extra staff and spending more on food costs.

Mayor Kennedy stated that he would find it difficult to support funding to an event that hurts downtown businesses. He encouraged Mr. Ingram and the Mushroom Mardi Gras organizers to talk before the Council discusses taking action on this item.

Rich Bergin felt the Mushroom Mardi event is a dangerous event. He said that last year's event was in the verge of being out of control. He said that he witnessed a high level of intoxication last year without enough security to control it if an incident occurred. He said that this festival has been put on for many years, and felt that the event does not provide the level of funding to charities that it should. He noted that the Taste of Morgan Hill, a similar festival, provides \$60,000-\$70,000 to the Chamber of

Commerce. A one night event that takes place at the Community Center provides over \$60,000 to charities last year. According to the Mushroom Mardi Gras website, they average approximately \$12,000 per year in charity donations; noting that this is a festival much larger in scope than the other events. He stated that he does not like the Mushroom Mardi Gras festival and does not like what it brings to Morgan Hill. If the festival provided a lot of support to charities, he would step aside. However, he felt that the level of charity support this event provides is under what it should be.

Alex Kennett addressed the changes made to the Fourth of July festival by Independence Day Inc. (IDI) over the past several years. He indicated that the festival moved from the Friendly Inn to the downtown. IDI will be taking advantage of the family festival successes of the past. He indicated that a pre fire work show will be held. He stated that IDI is on the same path as it has been in the past. In response to Council Member Carr's question, he said that the request is based on the new venue for the family festival and the car show.

Council Member Tate said that in the past the Council has heard IDI representatives state that they would try to wean IDI from City subsidy. He inquired whether any progress was being made toward this, and if not, what is preventing IDI from doing so.

Mr. Kennett said that every year there are different levels of costs and different levels of requirements (e.g., insurance, public safety, etc.). He said that is hard not to seek City assistance when they do not know what they are planning against. He stated that it was found that escalating costs prevents IDI from weaning itself from City assistance.

Dan Craig, Downtown Association, stated that the Safe Trick or Treat event is growing in popularity and is in its 10th year. The event has evolved to street closures and inflatable activities. He said that the Downtown Association has always been able to raise enough money through fundraising efforts in order to break even. He indicated that this has never been a money maker or been viewed as a money maker. He felt that this was truly a community event; a place where children can trick or treat in a safe place. As the event grew and the streets remained opened, it was not safe. Therefore, the streets were closed without understanding the magnitude of what needed to be paid for street closures. He said that the \$5,500 cost for street closures affected a lot of other items done the rest of the year in order to compensate for paying this bill. The Downtown Association had to cut corners and conduct additional fundraising efforts to raise funds. He informed the Council that the Downtown Association has a more aggressive fundraising plan this year as this is their flag ship event at this time. He indicated that an income source does not exist for this type of event. They are looking for corporate donors and asking everyone to donate. He indicated that the Morgan Hill Community Bible Church has provided in kind donations in excess of \$5,000. Merchants gave out over \$5,000 in candy, and sponsors covered the cost of approximately \$2,500. He said that the Downtown Association raises approximately \$13,000-\$14,000 for this event. He informed the Council that the Downtown Association will move forward with the event as the community wants it. However, an event like this should be an exception to these events that have the opportunity to bring in money. He informed the Council that message signs cost approximately \$1,750 to rent. He indicated that he presented staff with a breakdown of all the expenses and income sources. No matter how creative their fundraising is, the amount needed to put on this event cannot be raised.

Mr. Craig said that the Downtown Association is aware that some businesses support the Mushroom Mardi Gras event while others do not. He did not believe the event criteria adopted by the Council went

far enough for a lot of the downtown businesses as far as what should be required of businesses coming into the downtown area. It was their hope that the Mushroom Mardi Gras would accommodate and cooperate to make sure that the types of situations addressed this evening do not arise. He said that the Downtown Association does not have a position on the Mushroom Mardi Gras event or the Trail Dust dispute, but believes that Mushroom Mardi Gras needs to accommodate them and resolve their concern. He agreed that alcohol intoxication is a concern for any event that comes to the downtown; however, the Downtown Association Board of Directors has not taken a position on this issue.

Kim Bush indicated that the Poppy Jasper Film Festival is back for its 3rd year. The event will be opened for submission to film makers world wide. Therefore, this will become an international event. She informed the Council that the first two-years, 75% of the budget went toward city rental. While she has received cooperation from sponsors in town, these are hard costs. She said that the Poppy Jasper Film Festival has become a new business in town. She said that a Board decision was made not to use the Community Center because they do not have enough dollars. However, if they were able to receive assistance with the Playhouse, this would be seed money to welcome the City as a sponsor. Although Poppy Jasper is fiscally sound, there are expenses associated with start ups where a little assistance is needed at the beginning. She said that they are seeking in kind donations for the Playhouse rental in the amount of approximately \$4,500-\$4,600. She stated that Poppy Jasper would be willing to pay for the attendants costs.

City Manager Tewes noted the Council recently adopted a new pricing policy for the Playhouse which would make it more affordable; resulting in fees being reduced for the event described. The policy question is to what level the Council wishes to support the Poppy Jasper Film Festival.

Sunday Minnich said that she did not expect to be in attendance defending Mushroom Mardi Gras. She said that she would be more than willing to speak to each council member regarding what has transpired with Trail Dust. She said that they have every intention of working with Trail Dust; offering them 20-feet on Monterey Road for their barbeque. She indicated that Dan Sullivan has met with Eric Ingram several times. She said that the first time they heard that Mr. Ingram was not satisfied with their location was two days ago when Bruce Tichinin called them with concerns from Trail Dust. She finds herself caught off guard because she felt the situation was rectified. However, this does not mean they are not willing to work with the Ingrams as they want the downtown businesses to be successful and partner with Mushroom Mardi Gras.

Ms. Minnich informed the Council that they met with Lt. Joe Sampson and the Police Department to discuss how they can increase safety for the downtown. They were told that as big as the crowd was, there were minimal problems. She indicated that the Police Department is doubling the police force for this year's festival; adding approximately \$4,000 to the bill than in the prior year. They have increased their security through Atlas Security to help rectify the situation. She felt the Mushroom Mardi Gras event is a great benefit to Morgan Hill. Its sole purpose is to provide educational scholarships to Morgan Hill Unified School District as well as providing over \$10,000 in donations to non profit clubs and organizations who participate in the festival. She said that relocating the festival to the downtown was not their first choice, and was something they were forced to do. They are trying to do everything they can to make everyone happy.

Ms. Minnich indicated that Mushroom Mardi provides over \$10,000 to non-profit clubs/organizations each year. Mushroom Mardi receives 190 applications for scholarships each year. Last year, they

awarded 17 - \$1,000 scholarships based on the net profit made. It is Mushroom Mardi Gras' goal to provide \$32,000 in scholarships this year; increasing the award from \$1,000 to \$1,500 to 20 students. She stated that Mushroom Mardi Gras met with Dan Craig and the Chamber of Commerce to discuss issues associated with all events approximately a month ago. As far as they knew, they felt the Downtown Association was supporting this event as long as they met their guidelines. She stated that she would be willing to do everything possibly to make everyone happy.

Dan Erhler stated that the Chamber of Commerce would recommend the Council ask staff to develop a separate policy that would address public facility rental rate discounts as recommended under item 13.3. He said that the Chamber of Commerce would like to participate in the development of such a policy. He informed the Council that a few months ago, he and Gary Bechtel were before the Council to discuss the national retrieval championship trails, and the benefits this program brings to a community. He said the Chamber of Commerce and Holiday Inn Express are working with another group that will bring 400 dogs to Morgan Hill in September 2006 for a two-week program. He would like the City to create a policy for an event like this that brings in a lot of new dollars into the community. He recommended the City welcome organizations that will return to the community in years to come. He felt that developing a discount policy would be beneficial and profitable for the City.

Council Member Tate said that the Financial Policy Committee met this afternoon and discussed United Way's 211 Call Center. The Committee did not come to a final position as three members of the Committee wanted to receive additional information to understand the specifics about what the money goes toward and the specific benefit to Morgan Hill. He said that two other members of the committee were not excited about this, but were willing to review additional information, if made available.

City Manager Tewes informed the Council that the executive of United Way was in attendance this evening should the Council have any questions. He stated that it was his understanding that the City of San Jose has committed approximately \$100,000 as has the County. He noted that the request is for City funding in the amount of \$10,000. He said that it was his belief the Committee wanted to have the Council hear more information about the 211 program before making the funding decision. He noted that it has been approximately two-years since the City adopted a position in support of the 211 program. He said the City could schedule a presentation by United Way on the features and benefits of the 211 program as suggested by the Council.

Mark Walker, United Way, indicated that he would be happy to return to the Council with additional information. It is their goal to have every community in Santa Clara County involved in whatever way it is comfortable to help bring this service forward. He said that the Pandemic flu and the gulf hurricane are the best examples of how communities could benefit if 211 was made available for immediate crises. This program would operate 24-hours a day, 365 days a year. He informed the Council that 211 has been implemented in all of Southern California and that San Francisco launched the program on March 29, 2006. He indicated that United Way has not submitted their application to the Public Utility Commission because they are still working on preparing the application. One of the requirements for application submittal is to have 15 letters in support from different entities and organizations throughout the county. It is the goal to submit an application in June 2006. He said that this is a time sensitive issue because it is a critical public need. Also, for budget cycle purposes, United Way wanted to make sure they come before all municipalities in the County prior to the beginning of the fiscal year. They have a goal of getting this project up and running by February 11, 2007.

Mayor Pro Tempore Grzan indicated that he would like to review examples on how 211 is used; including statistics and examples of success stories in order to see the potential value for Morgan Hill.

No further comments were offered.

Council Member Sellers felt that all items before the Council provide worthy services and that in most cases, the agencies are looking for stop gap funding. He recommended the Council allocate approximately \$60,000, working with the entities to try to reduce some of the costs. The Council is to ask Mushroom Mardi Gras to return to a Council committee in order to address specific items. He noted that the Council received an extensive presentation from United Way on 211 prior to Council Member Grzan being elected to office. He recommended the Council committee schedule this item quickly in order to return to the Council by the end of May 2007.

Council Member Tate indicated that the Public Safety & Community Services Committee believes the entire Council should review the 211 funding request, and not refer it back to Committee.

Council Member Carr said that he has heard a presentation on the 211 call center at a prior Council meeting and that he has heard about it in other areas as well. He stated that he is comfortable in moving forward with a letter in support. He was not sure whether it was the funding or the program that was of concern to committee members.

Mayor Pro Tempore Grzan stated that he was supportive of the concept and would support moving forward with a letter of support at this time. However, he needed additional information before determining the level of funding to be considered.

Action: *Council Member Carr made a motion, seconded by Mayor Pro Tempore Grzan, **to send** a letter in support of the 211 Call Center to the Public Utilities Commission.*

Council Member Tate indicated that he would like to receive a presentation before agreeing to send a letter of support. He would like to know whether the 211 call center is working.

Vote: *The motion carried 4-1 with Council Member Tate voting no.*

Council Member Carr felt the Council needs to spend some time getting a better handle on the City's costs for community-wide events. He did not understand why there is a variety of costs to items that seem to be similar; and yet, the costs being requested are different. He felt it would be helpful to come up with a template for the true costs to close Monterey Road. This would give the Council a better sense of what kinds of dollars are being asked to be put into the different programs. He did not understand why staff included the Calimon Triathlon as qualifying for the existing guidelines.

Ms. Spier informed the Council that she was asked to include the Caliman Triathlon because they had been before the Council asking for economic development dollars. She did not know whether the Council wants to look solely at non profit groups or whether it wants to look at for profit groups that need seed funding to move forward.

Council Member Carr inquired whether the Triathlon group provides the scholarships or donations to non profits as the other groups do.

Andrew Locicero, representing Caliman Triathlon group, clarified that they are a for profit company. However, when they come into communities, they pay between \$10,000-\$20,000 to 501c3 groups in the area for their volunteer service. He indicated that he has not met with the Downtown Association organization. He informed the Council that this event brings in approximately 1,000 – 1,200 athletes to the area for at least two days. Typically, this event sells out hotels in local areas, and he does not anticipate this being different for Morgan Hill. The restaurants and stores in the area benefit from athletes coming in. He indicated that there would be approximately 4,000-6,000 people brought in to the community as well as 300-400 volunteers. Costs associated with the event include police and public works department costs. He is asking the City to assist with recovering these costs as they would like to use the community center for the event venue.

Ms. Spier said that as staff defines this process, staff is finding the City is not standardized as to what is being required of the groups. Staff would like to standardize costs at some point.

Council Member Sellers felt there are two parts to this item: 1) the budget allocation process and what money the Council determines should be appropriated; and 2) how to weigh the variety of issues related to the process; and determining who would qualify/not qualify for the process.

City Manager Tewes said that there are two different issues. The primary issue was brought to the Council's attention that arose from a Council meeting where the Council stated it wanted to bring some order to what had been a disorderly process. Organizations would come to the Council, from time to time, on their calendar and not on the Council's budget calendar requesting funds after budget adoption. If there were any organizations who wanted to have the opportunity to have their project be considered in the process, they were to notify City staff. It was his belief that Council Member Sellers' motion suggests the City Manager be directed to include \$60,000 in the Community Promotion budget. The distribution of the funds is to be subsequent decisions to be made by the Council. He informed the Council that when an organization wishes to have a festival or event that uses a city street or public property, they are required to obtain a staff issued special event permit. Staff evaluates the special event permit individually based on specific requirements. He noted that specific requirements vary for each organization; thus, the costs imposed vary. He said that should a downtown festival require more police protection than another, there will be additional costs to that event. He indicated that the \$25,000 for IDI has been a consistent allocation from the City; some used to pay for insurance, fireworks, and/or to pay staff costs. He reiterated that each event has different costs because they are different events. Therefore, there cannot be a standard approach to determining costs as they vary. He noted the Council has already adopted a policy that identifies under what circumstances the City Manager should issue special event permits in the downtown area. He urged the Council to allow staff to continue to evaluate each event on the basis of their requirements rather than applying a standard.

Council Member Carr felt that City staff should evaluate the costs associated with the closure of Monterey Road. If an event requires that an event organizer place signage at Monterey and Cochrane, this would be an addition to the cost of the use of the downtown area. A run or a parade would be in addition to these costs. He felt the City should be able to standardize what the costs are for the downtown.

City Manager Tewes stated that City staff does know the costs associated with the closure of the downtown. He indicated that the data presented to the Council does not show these costs. What is being

seen this evening are requests for funding from various organizations. He noted that some of the organizations in attendance this evening addressed their costs in different ways. They try to pay for costs through fundraising efforts, through donations, or by City funding assistance.

Mayor Kennedy felt the Council needs to understand how staff calculates costs under the current policy.

Council Member Tate felt that the requests need to be separated under two different categories. Further, that one of the categories requires additional policy development. He noted that Safe Trick or Trick, Holiday Lights Parade and the Fourth of July events are traditionally community-wide events that all Morgan Hill residents take advantage of. He felt that Mushroom Mardi Gras is a different event. It is an event that makes a profit for non profit reasons. He was not sure why the Council is considering allocating \$5,000 to this organization so that they can grant \$5,000 in scholarships. It could be that the City Council awards the \$5,000 scholarship. However, when you look at the economic advantages the Mushroom Mardi Gras festival brings to the City; it may have merit under this category. He agreed that the Triathlon event may have economic benefits. He felt that policies need to be developed, should the Council decide to fund events that have potential economic benefit. He felt that the Poppy Jasper Film Festival may fit under this category as well. He said that there were some events that could be considered community-wide events, and that the City should budget for each year such as the ones he identified. Further, that the City develop policies in terms of how it would treat events with potential economic returns.

Council Member Sellers said that there are residual benefits from events and goes along with economic development activities the Committee has been trying to promote. He recommended the Council provide general parameters to make it easier to provide funding and to allow the Council to go back to the community to clarify that this is not just a charitable action it is undertaking. Funding events would be good for the community, economically, and is providing a return.

Action: *Council Member Sellers made a motion, seconded by Council Member Carr: 1) to **direct** the appropriation of \$60,000 in general fund revenues to the Community Promotions Budget as a parameter for staff consideration for Safe Trick or Treat, Holiday Lights Parade and the Fourth of July events. 2) Mushroom Mardi Gras event **to return** to the Public Safety & Community Services Committee to address the concerns raised this evening. 3) The Public Safety & Community Services Committee and the Economic Development Committee **to look** at the economic development benefits parameters it may wish to establish for Council consideration.*

Mayor Pro Tempore Grzan inquired whether the motion included the additional requests for potential funding (e.g., Poppy Jasper Film Festival, Live Oak High School grad night).

Council Member Sellers said that he lowered the funding to \$60,000. It was his hope that staff would work with organizations to see if costs could be reduced.

Mayor Pro Tempore Grzan asked what would happen to other groups that come to the Council during the course of the year. Would funding requests be considered on a case by case basis?

Council Member Sellers said that it would be his expectation that organizations would need to request funding during the April funding cycle. If there is an emergency situation, they can come before the Council.

City Manager Tewes informed the Council that it previously established a policy that in March, staff is to seek proposals from organizations who will be asking for funds in a subsequent budget year. He noted that this is the first year the Council will be implementing this policy. Unless the Council changes this policy, staff would continue with this policy.

Council Member Carr said that it was his understanding that the motion stipulates that \$60,000 would be included in the Fiscal Year 2006-07 Community Promotions budget for special events. However, it will only be the events being discussed this evening that would qualify for this funding.

Council Member Sellers clarified that it is the policy that organizations are to come to the City once a year for funding requests. Unless there is a good reason to consider a funding request outside this process; otherwise, funding requests would be considered once a year.

Mayor Pro Tempore Grzan stated that he did not feel comfortable confining the Council to considering funding requests once a year. He felt the City made a good effort to notify event proponents to come before the Council as early as possible to provide the City budget estimates so that the City can plan for the funding requests. However, should there be other groups in dire need of funding; he would like the opportunity to have the other community groups come before the Council throughout the year for funding considerations on a case by case basis. He felt that it was the intent of this process to avoid the trickling affect.

Council Member Tate said that he would like to approve \$32,000 for Safe Trick or Treat, Holiday Lights Parade and IDI. He did not support funding other events this evening. He felt the City needs to develop policies in terms of how to allocate funding based on economic return for the other events.

City Manager Tewes said that staff needs to know the amount to be included in the Fiscal Year 2006-07 budget. He noted that in the past, the Council did not provide funding and that this evening; the motion stipulates inclusion of \$60,000 in the budget. This funding will add to the general fund expenditures and will be included in the budget the Council will see on May 15. Subsequently, the Council will need to enter into specific agreements with organizations on how and under what circumstances it would allocate funds. He stated that this would be distinct from the special event permit process that establishes the conditions of approval that is issued by staff. These are instances where organizations are asking for the allocation of tax payer dollars to support their events. The Council would review the funding requests individually as the events come forward.

Council Member Tate said that it was his belief the Committee would be asked to come up with a policy the Council will use to decide whether there is economic benefit to the event and that the Council should fund the event at a certain level.

Mayor Pro Tempore Grzan stated that he could support setting aside \$60,000; working with the individual groups in determining needs. He said that there may be a possibility of reducing costs that would allow a partial contingency from these funds for other requests that may come forward. He felt it

would be good to begin the year with some dollars in the budget and then work through the year on how to distribute the funding.

Council Member Tate clarified that he had concerns with the funding requests with the exception of Safe Trick or Treat, Holiday Lights Parade and IDA. He did not know whether the motion stipulates funding for these three events.

Council Member Sellers clarified that his motion stipulates that only the persons who submitted an application for funding could vie for the \$60,000.

Council Member Carr noted that this clarification does not address Mayor Pro Tempore Grzan's concern. He was not sure that he could support the dollar amount being requested by these three groups. However, he felt that these three groups should leave the meeting this evening with the understanding that they would receive some level of funding. If the City could save some money, the Council could create a reserve for events that will come forward for funding in the fiscal year. He noted the Council is trying to avoid having each event come before the Council for funding when no funding is allocated, yet the Council continues to fund annually. He felt the Council was trying to avoid past practices.

Mayor Kennedy noted that it was suggested that the Council take this step after the motion passes.

Council Member Carr noted that it was clarified that only the groups discussed this evening would be eligible for funding. He did not believe this to be realistic. He felt that once the \$60,000 has been appropriated, the Council will be back to where it was where organizations will come before the Council and that the Council would appropriate funding from the general fund reserves.

Council Member Sellers noted the Council will be establishing a policy that applications will be accepted during the budget preparation cycle unless an organization can prove extenuating circumstances. By taking action, the Council has taken care of the organizations that will come to the Council every year.

Mayor Kennedy noted that the City has taken an active step in reaching out to the groups in order to try to get all the requests for funding submitted.

Council Member Carr felt the Council has taken huge steps from where it was in the past in terms of receiving/hearing funding requests. However, he felt that Mayor Pro Tempore Grzan raises a valid point that should an organization come before the Council in the fiscal year and the Council has appropriated the \$60,000, what will the Council do? Will the Council state that there is no more funding?

Mayor Pro Tempore Grzan stated that he would like to hold part of the \$60,000, work down the numbers, and to have some monies in reserve to cover some of the contingencies that may come up during the course of the year. He did not support restricting funding solely to the organizations that submitted an application.

Council Member Sellers stated that he would support not limiting funding solely to these groups.

Council Member Tate did not support a contingency reserve because the Council would not be placing a process in place where organizations understand they need to apply during the funding cycle. He felt the

Council needs to adopt a process that will direct organizations to follow the process; submitting funding requests to the City once a year.

Council Member Carr noted that the process was put together mid-way through the year. He expressed concern that an organization may not have known the City implemented a process, and did not have the opportunity to be a part of the funding cycle request. He felt the Council should try to be more accommodating this budget cycle. Once the Council completes a full year of the budget cycle, the Council would have a complete year with the policy in place. He recommended the Council establish the process before identifying the limited number of applicants who will receive funds.

Mayor Kennedy clarified that the motion does not limit funding appropriations to these specific applicants. He said that a following motion could be to establish the process as discussed by Council Members Carr and Tate.

Vote: *The **revised** motion carried unanimously (5-0).*

Action: *It was the consensus of the Council to **refer** the development of a policy/criteria, incorporating economic returns as part of the policy, to the Public Safety & Community Services Committee.*

Mayor Kennedy indicated that he heard the Council state it wants to provide general support for specific projects this evening.

City Manager Tewes noted that IDI will be holding an event on July 4, 2006. The allocation of funds would come from next year's budget. He said that each year, staff develops an extensive contract that contains specific insurance requirements, responsibilities, and financial reporting requirements on the part of IDI. If it is the intent of the Council to allocate the same \$25,000 it has allocated in the past, this would be helpful to know as staff can return to the Council with the appropriate contract prior to July 4.

Action: *Council Member Sellers made a motion, seconded by Council Member Tate, to earmark \$25,000 of the \$60,000 toward IDI. The motion carried unanimously (5-0).*

14. APPOINTMENTS TO FILL VACANCIES ON THE LIBRARY, CULTURE & ARTS COMMISSION AND THE PARKS & RECREATION COMMISSION

Mayor Kennedy noted that the Council has been provided with a copy of the tally of recommendations from the Council Members. He announced that after considering the Council's recommended appointments, he would be making the following appointments: Library, Culture & Arts Commission: Einar Anderson, Chuck Dillmann, and Marie-Christine Briot Connolly; and Parks & Recreation Commission: Mark Frederick, Kimberly Leiser, Marilyn Librers and Craig van Keulen.

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Ratified** Mayor's Appointment to Fill Vacancies on the Library, Culture & Arts Commission as follows: Einar Anderson, Charles Dillmann and Marie-Christine Briot-Connolly. Parks & Recreation Commission appointments are as follows: Mark Frederick, Kimberly Leiser, Marilyn Librers and Craig van Keulen.*

15. REPORT FROM THE CITY COUNCIL AD HOC TASK FORCE

Mayor Kennedy presented the report from the Council's Ad Hoc Task Force (AHTF). He indicated that the AHTF has put forth the recommendations as indicated.

Council Member Sellers referred to the monitor agenda planning recommendation. He encouraged opportunities to consolidate meetings; minimizing extra meetings if possible.

Mayor Kennedy indicated that the Council previously adopted a policy that authorized consolidation of meetings.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Council Member Tate stated that the ethics training is a focus of the Council and should be Council driven; not staff driven. A Council member(s) could team up with staff on implementing ethics training.

Council Member Sellers clarified that AB 1234 is a State requirement. He said the City is limited in its opportunity for compliance, as there is a specific process, and only certain individuals can provide the ethics training. He said that there may be an opportunity to meet the ethics training requirement in a creative way. He did not believe the state requirement would result in the City losing sight of its value-based ethics policy.

Council Member Carr referred to item 1, council responsibilities for evaluations. He wanted the Task Force to return to the Council and recommend a process. He felt this is where the Council has fallen short as the process changes every time evaluations are conducted; including starting the evaluation process late.

Mayor Kennedy stated that a process and timeline has been identified.

City Manager Tewes said that the Council has a contractual obligation to complete a City Manager evaluation as stipulated in the employment agreement. He noted the Task Force is recommending a process for the evaluation. He stated that each council member will soon receive evaluation material that outlines the schedule as recommended by the Task Force.

Mayor Pro Tempore Grzan indicated that the Task Force went through an extensive review of tools that can be used, working with the City Manager on the instrument to be used. The Task Force is recommending that a standardized tool be implemented and administered over a given timeline. The performance evaluation would include goals and objectives to be completed at the first of the fiscal year. The Task Force is recommending the process be repeated every year; sticking with the process and the tool; tweaking as needed. This will result in a standardized process that is implemented in a timely fashion each and every year. It is to be executed properly and in place by the beginning of the fiscal year.

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Adopted** the Ad Hoc Task Force Recommended Actions.*

City Council and Redevelopment Agency Action

OTHER BUSINESS:

16. COUNCIL GOAL: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE COMMUNICATION PLAN FOR DOWNTOWN

Council/Agency Member Sellers indicated that the Morgan Hill Downtown Association met on Tuesday morning and that he and Director of Business Assistance and Housing Services Toy were in attendance, endorsing the half-day workshop concept that will incorporate a variety of items. He indicated that individuals from Cochrane Plaza will be bringing in real estate experts who will talk about some of the ballot initiative opportunities. Also, a communications plan will be developed this fall. He wanted to let the Council know that they are moving forward with both items.

Mayor/Chairman Kennedy said that it sounds as though the Committee is not prepared to proceed with a communications plan; but instead, relying on the RDA's communications plan.

Council/Agency Member Sellers stated that it was felt to be redundant to prepare a separate communications plan. He noted that the Downtown Association has set aside the funds to proceed with a communications plan; retaining a firm to assist. To proceed with a separate communications plan did not make sense. Therefore, the Committee felt it made sense to piggy back on their effort and utilize the consultant services.

Mayor/Chairman Kennedy felt that one of the objectives was to communicate the accomplishments that have been made with respect to the downtown.

Council/Agency Member Sellers stated that this process has been started. The Committee will incorporate this as a significant part of the communications plan. He said that the Committee will be working closely with the Redevelopment Agency.

Director of Business Assistance and Housing Services Toy said that staff will be returning to the Council in May 2006 with a proposal to retain a firm to prepare a communication-education plan for the Redevelopment Agency. As the RDA has been the primary funder of all the improvements in the downtown, as well as all the downtown projects, he felt this would be a component of the Agency's communication plan on the accomplishments and successes. The RDA would communicate what is taking place in the downtown and what has been accomplished. Following the workshop, the Committee will have an idea of what the new goals are for the downtown plan and the next steps. This information would be communicated to the Committee via the RDA mechanism, or the Committee may decide that there is a better mechanism that would be a separate process. He agreed that the downtown accomplishments are a success of the Agency, and that the City/Agency will communicate and educate the public about this. He said that staff plans to bring the contract to the Agency for approval on May 3, and then bring the firm on board. The first delivery of materials will be presented some time mid-June. This would give the firm 30-45 days to roll out the beginning of the education and communications plan.

Mayor/Chairman Kennedy opened the floor to public comment. No comments were offered.

Action: *On a motion by Council/Agency Member Tate and seconded by Council/Agency Member Carr, the City Council/Agency Board unanimously (5-0) **Endorsed** the Council's Community & Economic Development Committee's (C&ED) Recommended Approach for Communicating to the Community the Accomplishments and Goals for Downtown.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 9:56 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY